December 22, 2008   **Transmitted Via E-Mail**

Ross Davies, Manager, Training and Documentation
Space Systems/Loral, Inc.
3825 Fabian Way M/S G01
Palo Alto, CA 94303
davies.ross@ssd.loral.com

Dear Mr. Davies:

RE: **FINAL MONITORING VISIT REPORT** for Space Systems/Loral – **ET07-0195**

Date of the Visit:	11.7.08
Beginning/Ending Time:	10:00 – 11:50 a.m...
Date of Last Visit	7/17/08
Visit Location:	Palo Alto
Persons in attendance:	Ross Davies, Cathrina Bjazevich, Space Systems/Loral; Teresa Teles, ETP Analysts
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	11/7/06 - 11/6/08	**Agreement Amount:**	$1,072,500
Training Start Date:	11/7/06	**No. to Retain:**	1,100
Date Training must be Completed:	8/7/08	**Range of Hours:**	24 - 200
Type of Trainee:	Retrainees	**Weighted Ave. Hours:**	65

FINAL REPORT SUMMARY:

HISTORY OF AGREEMENT CHANGES

ETP approved four Agreement Modifications on 1/30/07, 4/23/07, 10/24/07 and 8/4/08. The modifications added types of training, items to the curriculum, and the fourth Modification also changed the range of CBT hours from 0-6 to 0-40.

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INTERVIEW WITH CONTRACTOR REPRESENTATIVES:

- What barriers, if any, did your company experience in implementing your ETP project?
  SS/L did not have many training initiatives that reach 24 hours and had temporary workers that did qualify for ETP funding. A large part of training is on the job, also not ETP eligible.

- What problems, if any, did your company experience with ETP record keeping?
  SS/L has two reporting databases that do not connect.

- What assistance could ETP have provided that would improve the process for future Contractors?
  ETP does not breakout advanced technology hours and this would help for funding estimates.

- How did your company benefit from the ETP training?
  More training was logged into the SS/L database. The ETP project increased the awareness of training and the need to track training organization wide. Training for new employees got more attention than in the past.

PROJECT STATISTICS:

Trainees Started Training:	1,748	Completed Minimum Hours of Training:	364
Trainees Enrolled:	2,309	Completed Maximum Hours of Training:	0
Dropped Following Enrollment:	1,369	Completed Training and Retention:	0

According to your records, you expected to retain a total of 364trainees (33% percent of planned retentions) for a total reimbursement of $327,288, (30 percent of the funding amount). Ms. Bjazevich submitted 10 trainees for Special Review because they left the company before completing the retention period. Additional funds may be earned if ETP finds these trainees eligible for funding.

You reported that the low earnings is the result of different units projecting their training needs for a two year period but due to production demands not being able to provide the training. In addition, one unit had committed to train an average of 60 hours for a large number of trainees but the initiative was delayed. Lastly, if SS/L had been able to be count the hours under 24 and hours for temporary workers SS/L would earn close to one million in funds.

ATTENDANCE ROSTERS:

Ms. Teles reviewed the completion of training for a sample of trainees. The documentation reviewed met ETP requirements and matches the hours entered into ETP's On-Line Tracking System. It appears that the Contractor is also in compliance with trainer/trainee ratios for both regular class/lab which requires 1:20 or less and Advanced Technology (AT) training where the ratio can not exceed 1:10. Please note that the finding that the ETP documentation is in order is based only on the training records reviewed during this visit and represents only a limited sample of the training records completed to date. It is the company's responsibility to ensure that all training records are in compliance with Panel requirements for auditing purposes

AUDIT:

Space Systems/Loral will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Teresa Teles at (650) 655-6940 or at tteles@etp.ca.gov within ten (10) working days from receipt of this report.

Sincerely,

Creighton Chan, Manager
San Francisco Bay Area Regional Office

Teresa Teles, Analyst
San Francisco Bay Area Regional Office

cc: Ron Haley, Senior Vice President, haley.ron@ssd.loral.com
      Kulbir Mayall, Manager, Fiscal and Certification
      Master File
      Project File

Date report mailed to Contractor 12/22/08